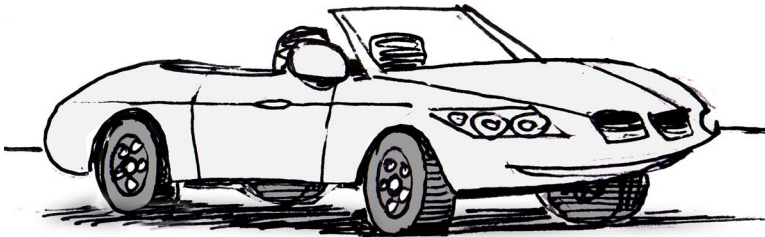


How a Life Insurance Policy is Like a Car



Classic investment vehicles

Life insurance policies are common in estate plans. But few vehicles run at top form for an entire lifetime. A tune-up can help (e.g., adjusting the death benefit, or changing the underlying investments). But if it comes time to get rid of a clunker-policy, or one that is no longer needed, here are three options worth considering:



Trade-Ins

Life insurance companies can exchange your existing policy for a new one (a 1035 Exchange). These exchanges are income tax free. The analysis here depends largely on your need for a new policy, the company's current rates, and the value it can assign to the old policy.



Scrap Value

A life insurance policy can also be terminated by collecting its cash surrender value. Since insurance statements report this value, this is an option that many customers think of first-- but sometimes it favors the insurance company.



Secondary Market

Life insurance Policies can also be sold on the open market-- sometimes for lots more than the other options. An investor group can buy your policy and take over the premiums. The analysis here depends on the life expectancy of the insured, the cost of the premiums, and the death benefit.

